

HOUSE BILL 1180

R7, C4

2lr2528

By: **Delegates Rudolph and Malone**

Introduced and read first time: February 10, 2012

Assigned to: Environmental Matters

Committee Report: Favorable

House action: Adopted

Read second time: March 21, 2012

CHAPTER _____

1 AN ACT concerning

2 **Vehicle Laws – Required Security – Electronic Reporting Requirements**

3 FOR the purpose of requiring insurers and other providers of required vehicle security
4 to immediately notify the Motor Vehicle Administration electronically of the
5 issuance of certain new insurance policies; requiring insurers and other
6 providers of required vehicle security to notify the Administration electronically
7 within a certain time period of certain changes regarding certain fleet policies of
8 insurance; requiring certain notices regarding the termination or lapse of
9 required security to be made electronically; defining a certain term; and
10 generally relating to vehicle security and the reporting requirements for
11 insurers and other providers of required motor vehicle security.

12 BY repealing and reenacting, with amendments,
13 Article – Transportation
14 Section 17–101, 17–104, and 17–106(b)
15 Annotated Code of Maryland
16 (2009 Replacement Volume and 2011 Supplement)

17 BY repealing and reenacting, without amendments,
18 Article – Transportation
19 Section 17–106(a), (c) and (d)
20 Annotated Code of Maryland
21 (2009 Replacement Volume and 2011 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
2 MARYLAND, That the Laws of Maryland read as follows:

3 **Article – Transportation**

4 17–101.

5 (a) In this subtitle the following words have the meanings indicated.

6 **(B) “FLEET POLICY” MEANS AN INSURANCE POLICY ISSUED FOR A**
7 **FLEET OF VEHICLES THAT PROVIDES COVERAGE THAT IS NOT BASED ON A**
8 **SCHEDULE OF INDIVIDUAL VEHICLES AT THE TIME THE POLICY IS ISSUED.**

9 **[(b)] (C)** “Lapse” and “termination” mean a lapse or termination of required
10 security, as defined in regulations adopted by the Administration.

11 **[(c)] (D)** “Required security” means security in the form and providing for
12 the minimum benefits required under this subtitle or any other provisions of the
13 Maryland Vehicle Law.

14 17–104.

15 (a) The Administration may not issue or transfer the registration of a motor
16 vehicle unless the owner or prospective owner of the vehicle furnishes evidence
17 satisfactory to the Administration that the required security is in effect.

18 (b) The owner of a motor vehicle that is required to be registered in this
19 State shall maintain the required security for the vehicle during the registration
20 period.

21 **(C) EACH INSURER OR OTHER PROVIDER OF REQUIRED SECURITY**
22 **SHALL:**

23 **(1) EXCEPT AS PROVIDED IN ITEM (2) OF THIS SUBSECTION,**
24 **IMMEDIATELY NOTIFY THE ADMINISTRATION ELECTRONICALLY OF NEW MOTOR**
25 **VEHICLE INSURANCE POLICIES ISSUED FOR INSURED VEHICLES REGISTERED IN**
26 **THE STATE; AND**

27 **(2) FOR EACH FLEET POLICY, ELECTRONICALLY NOTIFY THE**
28 **ADMINISTRATION EVERY 30 DAYS OF ANY ADDITIONS, DELETIONS, OR**
29 **MODIFICATIONS TO THE FLEET POLICY, INCLUDING THOSE POLICY NUMBERS**
30 **AFFECTED.**

31 **[(c)] (D)** The Administration, in consultation with the Maryland Insurance
32 Administration and representatives of the automobile insurance industry, shall adopt

1 regulations that establish procedures to be used by an insurer to provide timely
2 notification to an insured of the penalties that may be imposed in accordance with §
3 17–106 of this subtitle if the insured fails to renew or replace a policy of motor vehicle
4 liability insurance without surrendering the evidences of registration.

5 **[(d)] (E)** (1) In this subsection, “replacement vehicle” means a vehicle
6 that is loaned by an auto repair facility or a dealer, or that an individual rents
7 temporarily, to use while a vehicle owned by the individual is not in use because of
8 loss, as “loss” is defined in that individual’s applicable private passenger automobile
9 insurance policy or because of breakdown, repair, service, or damage.

10 (2) Subject to paragraph (3) of this subsection, an owner of a
11 replacement vehicle may satisfy the requirement of subsection (a) of this section by
12 maintaining the required security described in § 17–103 of this subtitle that is
13 secondary to any other valid and collectible coverage and that extends coverage in
14 amounts required under § 17–103(b) of this subtitle to the owner’s vehicle while it is
15 used as a replacement vehicle.

16 (3) If an owner of a replacement vehicle provides coverage as provided
17 under paragraph (2) of this subsection, the agreement for the replacement vehicle to
18 be signed by the renter or the individual to whom the vehicle is loaned shall contain a
19 provision on the face of the agreement, in at least 10 point bold type, that informs the
20 individual that the coverage on the vehicle being serviced or repaired is primary
21 coverage for the replacement vehicle and the coverage maintained by the owner on the
22 replacement vehicle is secondary.

23 17–106.

24 (a) If the required security for any vehicle lapses at any time, the
25 registration of that vehicle:

26 (1) Is suspended automatically as of the date of the lapse effective not
27 later than 60 days after notification to the Administration that the lapse has occurred;
28 and

29 (2) Remains suspended until:

30 (i) The required security is replaced and the vehicle owner
31 submits evidence of replaced security on a form as prescribed by the Administration
32 and certified by an insurer or insurance producer; and

33 (ii) Any uninsured motorist penalty fee assessed is paid to the
34 Administration.

35 (b) (1) Except as provided in paragraph (2) of this subsection, each
36 insurer or other provider of required security immediately shall notify the

1 Administration **ELECTRONICALLY** of those terminations or other lapses that are
2 final.

3 (2) Each insurer or other provider of required security for a vehicle
4 registered as a Class B (for hire) vehicle under Title 13 of this article shall notify the
5 Administration within 45 days of a termination or other lapse that is final and occurs
6 anytime after the required security is issued or provided.

7 (c) On receipt of a notice under subsection (b) of this section, the
8 Administration shall make a reasonable effort to notify the owner of the vehicle that
9 his registration has been suspended.

10 (d) (1) Within 48 hours after an owner is notified by the Administration of
11 the suspension of registration, the owner shall surrender all evidences of that
12 registration to the Administration.

13 (2) If the owner fails to surrender the evidences of registration within
14 the 48-hour period, the Administration:

15 (i) Shall attempt to recover from the owner the evidences of
16 registration; and

17 (ii) May suspend his license to drive until he returns to the
18 Motor Vehicle Administration the evidences of registration.

19 (3) The Administration may enter into contracts with private parties
20 to procure the services of independent agents to assist in the recovery of the evidences
21 of registration as authorized in paragraph (2) of this subsection.

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
23 October 1, 2012.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.